

OFFICIAL DISPATCH

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TO : Chief, Foreign Division "H"
FROM : Chief of Station, Karlsruhe
SUBJECT: General - Operational
 Specific - ☐ Operational and Business Prospects
REF : WOF-1-3343

Synopsis: ☐ actual and prospective intelligence and business connections are outlined and the future of the operation is discussed.

1. As a supplement to our WOF-A-3343, which is a financial proposal for the ☐ operation, we are here dealing with the business and intelligence connections of Hermann H. Hammett. This is not a historical survey of the project to date; a statement of its present status is a large enough job. We think that an outline of what he is now lined up may help in a careful consideration of the operation's possible value. At the outset, we must admit that we think the operation is well worth continuing.

2. Business Possibilities in General. Hammett's business has not yet concluded a deal. Some reasons for this current failure, which could in some cases apply to the chances of all lone entrepreneurs like Hammett in Germany are:

a. Lack of capital. Many successful foreign businessmen in Germany have made money by importing raw materials for processing in Germany, or by supplying food products to factory workers. This method requires a lot of capital, which Hammett does not have.

b. Non-exploitation of U. S. officials. Until now, U. S. businessmen here who are former officials of occupation authorities, Hammett has not used any U. S. official contacts to gain favors. This policy has been followed to keep Hammett's reputation clean.

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to preserve good relations with U. S. officials for practical purposes.

c. Diversionary effect of operations. It is obvious that Hammett has spent some time on intelligence work and has thereby spent less time on his business.

d. Avoiding of crooked deals. Except for one instance in which he agreed to deposit dollars abroad for an exporter (and the deal did not come off anyway) Hammett has avoided shady deals. Many successful businessmen in Germany evade JILA regulations, live black-market, trade in forbidden commodities with Iron Curtain countries, and promote smuggling. Operational and ethical considerations have closed this avenue to Hammett.

e. Channeling of business toward intelligence fields. They have encouraged Hammett to develop business contacts with people who are good intelligence contacts. He has done this very well, but the type of business opportunity it has brought him has not been of the "get rich quick" variety.

f. Reaction against middle-men. Post German import-export business has been run, deal by deal, by U.S. and British Military Government or HICOG officials, who shun middle-men and try to steer deals away from their clutches. In addition, much business has been between foreign firms and the German government, with some sum of money involved. Pickings for outsiders have been slim until recently.

g. Lack of U.S.-German trade treaty. Lack of such an agreement and the surrender of trade controls to a joint Allied-German bureau has had a stultifying effect on the whole volume of German trade, foreign and domestic. Realization of this moved Allied authorities recently to turn trade control back to the Germans and to further insist on a laissez faire trend.

h. It is also true that Hammett has been in business less than a year, not a very long time to put a new concern on a "profit-making" basis.

i. Specific Business Potentialities. Hammett and his partner carry on, on two sides of the Atlantic, a constant investigation and evaluation of new business possibilities. They correspond with each other several times a week by air mail and make frequent trans-Atlantic calls. Their correspondence, which I read, shows that they have sized-up, investigated, discussed, and handled hundreds of business possibilities, products, deals and investments. Reporting on all their activities would require a large staff.

j. Here, with a few words of description in each case, is a list of Hammett's business connections at present, with asterisks

indicating contacts of intelligence interests as well:

a. Blaser Maschinenhandel AG - the foreign trade branch of the Oerlingheim works. Headed by Fischer (all German), this firm has offered Hammett the agency for its U.S. buying and selling. Loosening of trade regulations will get this activity started in the near future.

b. Fiasler Aluminum, Idar-Oberstein. This firm is willing to make Hammett its U.S. agent.

c. Veral Aluminum - Swiss firm which is working through Hammett to license German firms on new metal polishing process.

d. Victor Carmel - this U.S. financier and aviation magnate is considering making Hammett adviser on German investments.

e. Fridolin-Winkler, Villingen. Police machinery firm which has given Hammett their U.S. agency.

* f. A. Martelet scrap deal. This opportunity, which is still developing, involves the sale of 150,000 tons of scrap to Canadian firms.

* g. Strentzwein - Germany will buy large amounts of this drug in 1940 and VRS contacts through Hammett off on allotments and prices of this drug, so Hammett can line up sellers in advance.

* h. Zellweger-Zenbach textile. This firm, which has great influence with the German government, is making Hammett its go-between on a cotton raw material sale and promising him a similar role on importation of textile chemicals into Germany.

The above contacts are those which Hammett thinks are most likely to pay off. In addition he has the following contacts in varying stages of development:

i. Krauser Werke, Cologne. Steel firm.

j. Otto Wolf, Cologne, steel firm.

k. Glöckau steel firm, Düsseldorf.

* l. Rechenberg, agricultural machinery, Cologne. Rechenberg, an old friend of Hammett, is also a leading FDP politician.

m. Siemens & Halske, Berlin, interested in selling metal polishing patents through Hammett.

- n. Jeckel precision machines, Munich.
 - o. Fachvereinigung Aluminium Industrie, interested in buying metal rolling patents through Hammett.
 - p. Kotscher, Hamburg, coffee exporters who have given Hammett a large order.
 - q. Karl Fink, Sailer & Co., Bayerische Vereins Bank. Three Munich banking firms with which Hammett has good connections.
 - r. Löwen Brauerei, Munich. One of Germany's largest breweries. Interested in metal beer barrels.
 - s. Bayerische Motoren Werke, Munich. Large firm whose director Hammett has known for twenty years.
 - t. Pferdmercer cotton firm - a Bremen firm, run by another branch of the Pferdmercer family. Interested in importing cotton.
 - u. Salomonier shoe firm, one of Germany's largest, interested in importing leather through Hammett.
 - v. Fritz Weisel film enterprise, well-known German producer who with Hammett's help in organizing a firm to dub in German sound tracks on U S films.
 - w. Süddeutsche Getränte und Mineralwasser Vertriebs - German firms which want Hammett to buy soda syrups for them in the U S for the coming summer season.
 - x. Tobacco-purchasing agency of Bavarian farm association, which gave Hammett large orders, blocked by currency restrictions.
 - y. Koen firm - Munich, run by Hammett's friend, wants to market a lemon slicer in the U S.
6. Hammett and his partner are negotiating with all these firms except the Munich banks on deals of various types. Some of them are quite promising, though we are not business experts and cannot guarantee his success, his prospects look good to us.
7. Intelligence Contacts. In the ten months he has spent in Germany, Hammett has been able to establish friendly and intimate connections with many prominent Germans, including some influential in the government. Most of his possible intelligence contacts are in the politics-economic field, where there is great need for intelligence reporting. As mentioned in other memo's, we hope to have Hammett settle down in Frankfurt or Cologne, develop these

contacts, and write weekly economic and political reports for us, supplementing them by special reports on particular items as we see them. Beyond that, there will be the possibility of his recruiting and running sub-agents, a field of activity where he has broad experience.

8. In Martin Hammett's intelligence contacts, we are to include all those of an unstable nature, such as Josef Muller of Bavaria, whom we have asked Hammett to avoid because of his previous acquaintances. The good contacts are not all fully developed, but all could be further pursued:

a. Dr. Heinrich Lübke - Cologne banker, generally called the financial power behind the CDU.

b. Dr. Ludwig Erhard, German Minister of Economics.

c. Dr. Hermann Eilert, House Finance Minister (CDU) and chairman of Bundestag Finance Committee.

d. Dr. Hans von Helldorff, FDP Bundestag member and influential politician (vice-chairman of the FDP in North Rhine-Westphalia.)

With the above individuals, Hammett is accepted as an influential U S businessman and is, as far as we can tell, trusted. These four contacts, if properly exploited, can become very valuable.

Other contacts include:

e. Frenzl and Elin, Ministry of Economics officials whom Erhard has told to throw business to Hammett.

f. Dietrich Stiller, State Secretary of Bavarian Ministry of Culture.

g. Duermeyer, administrative director of the influential Süddeutsche Zeitung, Munich.

h. Dr. Karl Marx, German official of JETA, with very good connections in German Government circles.

i. J. G. v. Hertelott, German businessman, with government connections.

In addition to those listed, Hammett would find it easy to get the following figures, either through his sister in Cologne or through other listed contacts:

j. Dr. Konrad Adenauer, German Chancellor.

k. Dr. Fritz Schäffer, Finance Minister.

1. Dr. Thomas Decker, Minister of Justice.
2. Dr. Hans Ehrhard, Minister President of Prussia.
3. Dr. Schaltejew, prospective State Secretary in Ministry of Economics.
4. Dr. Graf, Schaltejew's rival in the Ministry.
5. Max Brauer, SPD Mayor of Hamburg, whom Hammett knew in France after 1933.
6. Peter Altmeier, Minister President of Rheinland-Pfalz.
7. Cardinal Frings of Cologne.
8. Bishop Kneubauer of Munich.

Hammett could also take up contact with such people as known to us on the German Union, but we have steered him away from such controversial characters. The names listed above are not prohibited to him, but are set down after consideration of Hammett's role, his connections, and his goals. While we cannot, of course, predict just what intelligence would come out of developing such and every contact, we can point to Hammett's acknowledged ability, background, and past production. Our past progress reports outline his exploitation of the contacts he has had time for to use.

9. It is clear that Hammett is not out to recruit any of the above well-known figures. But access to their company will lead him to work and sensitive notes in their offices and files and may also be picked up and reports while surveying the field will be useful intelligence. He must emphasize that to date we have told him that his cover business is his "Art Florist," with the result that his intelligence production has been null.

10. Hammett's Ability. Though these observations are probably not necessary, we want to affirm the general impression that Hammett, in his business and intelligence work, is a hard driving, intense, conscientious, and able operator. His broad knowledge of politics and economics is well known to you, and his social abilities need no comment. We have found him honest to a fault in financial accounting.

11. Conclusion. On the basis of Hammett's business and intelligence activities to date and our judgment of his future, we feel justified in giving an unqualified recommendation that the ☐ project continue.

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